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**South Carolina
Division of General Services**

PROCUREMENT AUDIT AND CERTIFICATION

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TRIDENT TECHNICAL COLLEGE

AGENCY

JANUARY 8, 1987

DATE

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-2150

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JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 8, 1987

Mr. Richard W. Kelly
Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Rick:

Attached is the final Trident Technical College audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the College two years certification as outlined in the audit report.

Sincerely,

A handwritten signature in dark ink, appearing to read "WJ Clement".

William J. Clement, AIA
Assistant Division Director

Attachment

TRIDENT TECHNICAL COLLEGE
AUDIT REPORT

MAY 27, 1986

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October 21, 1986

Mr. William J. Clement
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

We have examined the local fund procurement policies and procedures of Trident Technical College for the period April 1, 1985 - February 28, 1986. As a part of our examination we made a study and evaluation of the system of internal control over local fund procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and internal procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of Trident Technical College is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of

control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions as well as our overall examination of procurement policies and procedures were conducted with due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

The examination did disclose conditions enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place Trident Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

R. Voight Shealy
R. Voight Shealy, Manager
Office of Audit and Certification

INTRODUCTION

The Office of Audit and Certification conducted an examination of the internal procurement operating procedures and policies and related manual of Trident Technical College.

Our on-site review was conducted March 24, 1986 through April 4, 1986, and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Regulation 19-445.2020.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The (Budget and Control) Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provision of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.

While on site, we received a written request from Trident Technical College for certification to make local fund procurements in the following categories and designated amount:

<u>Area</u>	<u>Amount</u>
Goods and Services	\$10,000
Consultants	\$10,000
Construction	\$10,000
Information Technology	\$10,000

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of Trident Technical College and the related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions. The examination was limited to procurements from local funds, which includes some federal funds, local contributions and student collections.

The Office of Audit and Certification selected random samples for the period July 1, 1985 - February 28, 1986, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. As specified in the Consolidated Procurement Code and related regulations, our review of the system included, but was not limited to, the following areas:

- (1) adherence to provisions of the South Carolina Consolidated Procurement Code and regulations;
- (2) procurement staff and training;
- (3) adequate audit trails and purchase order registers;
- (4) evidence of competition;
- (5) small purchase provisions and purchase order confirmations;
- (6) emergency and sole source procurements;
- (7) source selections;
- (8) file documentation of procurements;

- (9) disposition of surplus property;
- (10) economy and efficiency of the procurement process;
and
- (11) approval of Minority Business Enterprise
Utilization Plan.

SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of Trident Technical College produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>COMPLIANCE - PROCUREMENTS</u>	8
Our review of transactions revealed that four procurements were neither competed nor sole sourced.	
II. <u>REVIEW OF THE PURCHASING PROCEDURES MANUAL</u>	9
The manual is inadequate for higher certification limits.	

RESULTS OF EXAMINATION

I. Compliance - Procurements

Our audit included, but was not limited to, reviews of, (1) a random sample of seventy-five procurement transactions for the period July 1, 1985 - February 28, 1986, (2) procurement files relating to bids obtained on additional transactions and, (3) vendor files for purchase orders issued. These tests revealed that the following procurements were made without solicitations of competition or preparation of sole source determinations.

<u>Purchase Order</u>	<u>Amount</u>	<u>Description</u>
1. 60217	\$23,100.00	Bus shuttle service
2. 60053	\$ 1,500.00	Maintenance - copiers
3. 53149	\$ 3,110.40	Maintenance
4. 60082	\$ 984.00	Maintenance - optical character reader

We agree that each of these procurements, except for number 1, were probably sole sources but the required determinations were not prepared.

We remind the college that all procurements greater than \$500.00 must either be supported by evidence of competition or sole source or emergency procurement determinations. It is essential that determinations be prepared to justify the actions taken.

Purchase order 60217 exceeded the college's procurement authority. It is an unauthorized procurement that must be ratified by the Materials Management Officer in accordance with Section 19-445.2015 of the Procurement Code regulations.

II. Review of the Purchasing Procedures Manual

We reviewed the purchasing procedures at Trident Technical College and found them adequate for certification at the basic level of \$2,500.00. However, the manual must be expanded and additional policies and procedures incorporated if higher certification limits are to be granted to the college. We have, by separate letter, provided the college with the increased requirements to be included in their manual.

CERTIFICATION RECOMMENDATIONS


As enumerated in our transmittal letter, corrective action based on the recommendations described in the findings contained in the body of this report, we believe, will in all material respects place Trident Technical College in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

Under the authority described in Section 11-35-1210 of the Procurement Code, subject to this corrective action, we recommend Trident Technical College be certified to make direct agency procurements up to the limits as follows:


<u>PROCUREMENT AREA</u>	<u>RECOMMENDED CERTIFICATION</u>
Goods and Services (local funds only)	*\$10,000 per purchase commitment
Consultants (local funds only)	*\$10,000 per purchase commitment
Information Technology in accordance with the approved Information Technology Plan (local funds only)	*\$10,000 per purchase commitment

*This limit means the total potential purchase commitment to the College whether single year or multi-year contracts are used.

Construction certification is not recommended at this time.



Larry G. Sorrell, Audit Manager
Office of Audit and Certification



R. Voight Shealy, Manager
Office of Audit and Certification

Trident Technical College

P.O. Box 10367 • Charleston, SC 29411 • (803) 572-6111



October 28, 1986

Mr. R. Voight Shealy
Audit and Certification
Budget and Control Board
300 Gervais Street
Columbia, SC 29201

Dear Mr. Shealy:

We have reviewed the audit report dated May 27, 1986 and have taken steps to correct the stated deficiencies.

I. Compliance - Procurements

P.O. #60217	We have requested ratification
P.O. #53149	by Richard Campbell. A copy of the letter is attached.
P.O. #60053	Prior to the audit review in May, we
P.O. #60082	had implemented a system to bid all maintenance agreements exceeding \$500 prior to their renewal.

II. Purchasing Procedures Manual

Upon receipt of the letter from your office, we shall make all modifications to our manual to assure compliance with your standards.

We discussed the audit findings in detail with the auditor Larry Sorrell and have taken corrective action. Should you feel that a formal exit conference is necessary, please contact me regarding the date and time.

Should you have any questions, or need additional information, please contact me.

Sincerely,


Charles W. Branch
President

CWB:cab

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CHAIRMAN,
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JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

January 7, 1987

Mr. William J. Clement
Assistant Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Bill:

We have reviewed the response to our audit report of Trident Technical College covering the period April 1, 1985 through February 28, 1986. Combined with observations made during our site visit, this review has satisfied the Office of Audit and Certification that the College is correcting the problem areas found and that internal controls over the procurement system are adequate.

We, therefore, recommend that the certification limits for Trident Technical College outlined in the audit report be granted for a period of two (2) years.

Sincerely,

R. Voight Shealy
R. Voight Shealy, Manager
Audit and Certification

